

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name L'ANSE	County BARAGA
Fiscal Year End 3/31/2006	Opinion Date 9/25/2006	Date Audit Report Submitted to State 9/29/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

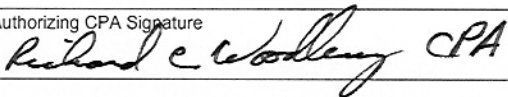
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RICHARD C WOODBURY, PC, CPA		Telephone Number (906) 482-1305	
Street Address 20017 E SHARON AVE		City HOUGHTON	State MI
		Zip 49931	
Authorizing CPA Signature 		Printed Name RICHARD C WOODBURY	License Number 1101007477

TOWNSHIP OF L'ANSE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION
MARCH 31, 2006

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INDEPENDENT AUDITORS REPORT

To the Township Board
Township of L'Anse
L'Anse, Michigan

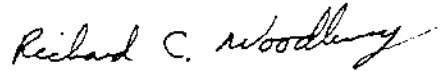
We have audited the accompanying statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of L'Anse Township, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the L'Anse Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of L'Anse Township, as of March 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise L'Anse Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, reading "Richard C. Woodbury". The signature is written in dark ink and is positioned above the printed name.

Richard C. Woodbury, CPA

September 25, 2006

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current Assets	\$604,131	\$597,691	\$223,382	\$197,261	\$827,513	\$794,952
Noncurrent Assets	464,208	455,011	495,773	453,951	959,981	908,962
Total Assets	\$1,068,339	\$1,052,702	\$719,155	\$651,212	\$1,787,494	\$1,703,914
Long-Term Debt Outstanding	\$ --	\$ --	\$416,918	\$416,261	\$416,918	\$416,261
Other Liabilities	14,823	17,413	93,116	43,270	107,939	60,683
Total Liabilities	\$14,823	\$17,413	\$510,034	\$459,531	\$524,857	\$476,944
Net Assets						
Invested in Capital Assets—Net of Debt	\$464,208	\$455,011	\$54,707	\$54,707	\$518,915	\$509,718
Restricted	--	--	--	--	--	--
Unrestricted (Deficit)	589,308	580,278	154,414	136,974	743,722	717,252
Total Net Assets	1,053,516	1,035,289	209,121	191,681	1,262,637	1,226,970
Total Liabilities and Net Assets	\$1,068,339	\$1,052,702	\$719,159	\$651,212	\$1,787,494	\$1,703,914

Management's Discussion and Analysis

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues						
Charges for Services	\$20,734	\$23,482	\$16,641	\$16,957	\$37,375	\$40,440
Operating Grants and Contributions	--	--	--	--	--	--
Capital Grants and Contributions	--	--	--	--	--	--
General Revenues	--	--	--	--	--	--
Property Taxes	257,758	250,460	--	--	257,758	250,460
State-Shared Revenues	130,084	136,137	--	--	130,084	136,137
Unrestricted Investment Earnings	8,501	7,081	4,200	4,276	12,701	11,357
Franchise Fees	--	--	--	--	--	--
Transfers and Other Revenue	7,950	--	31,123	10,000	39,073	10,000
Total Revenues	\$425,027	\$417,161	\$51,964	\$31,233	\$476,991	\$448,394
Program Expenses						
General Government	\$150,550	\$157,838	\$ --	\$ --	\$150,550	\$157,838
Public Safety	82,422	85,540	--	--	82,422	85,540
Public Works	6,773	28,406	--	--	6,773	28,406
Health and Welfare	65,816	61,890	--	--	65,816	61,890
Community and Economic Development	--	--	--	--	--	--
Recreation and Culture	70,116	63,133	--	--	70,116	63,133
Loss on Sale	--	385	--	--	--	385
Transfer	31,123	10,000	--	--	31,123	10,000
Water and Sewer	--	--	34,524	34,739	34,524	34,739
Total Expenses	\$406,800	\$407,192	\$34,524	\$34,739	\$441,324	\$441,931
Change in Net Assets	\$18,227	\$9,969	\$17,440	\$ (3,506)	\$35,667	\$6,463

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Fund.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund, the Fire Fund, and the Ambulance Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year.

Management's Discussion and Analysis

Capital Assets and Debt Administration

At the end of 2006, the Township had \$1,618,857 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township.

List of Accomplishments for current fiscal year

Grants and Revenue Bonding was approved in the amount of \$865,600 from the U.S. Department of Agriculture - Rural Development and from the U.S. Environmental Protection Agency for the extension to the US-41 water line along the US-41 Corridor.

A number of capital improvements were made to township properties which include barrier free access to the buildings for disabled individuals, installation of a new heating and central air system, and painting of the township hall and garage. The cost of these improvements was approximately \$22,000.

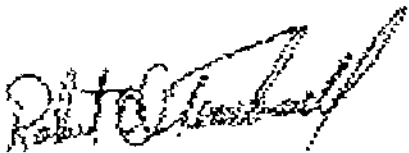
Land acquisition and improvements to cemeteries at Aura and Pequaming were quite extensive and cost around \$10,000. Expenditures include legal fees, site improvement and surveying costs.

Considerable work was done to water and sewer systems at the township park and campground facilities to meet park permit requirements as a public park. Approximately \$19,000 was spent to complete this work. Many campers indicated that they would be returning to our park as they consider it to be one of the best parks they have patronized.

Enforcement of the township's blight ordinance was initiated with a survey of all properties in the township. An article in the local paper along with television coverage was provided. Some seventy-eight sites were noted as having possible blight conditions. Of these sites a total of sixteen (16) properties will receive citations and may be subject to prosecution.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.



Robert Trembreull
Township Supervisor

Township of L'Anse
Government Wide Statement of Net Assets
March 31, 2006

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	\$ 498,475	\$ 223,382	\$ 721,857	\$ -
Investment	-	-	-	-
Receivables (Net)	105,656	-	105,656	-
Internal Balances	-	-	-	-
Inventories	-	-	-	-
Assets Restricted by Bond Indentures	-	-	-	-
Capital Assets - Net	464,208	495,773	959,981	-
Total Assets	\$ 1,068,339	\$ 719,155	\$ 1,787,494	\$ -
LIABILITIES				
Accounts Payable	\$ 14,823	\$ 93,116	\$ 107,939	\$ -
Accrued and Other Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Noncurrent Liabilities				
Due Within One Year	-	12,988	12,988	-
Due in More than One Year	-	403,930	403,930	-
Total Liabilities	14,823.00	510,034.00	524,857.00	-
NET ASSETS				
Investment in Capital Assets				
Net of Related Debt	\$ 464,208	\$ 54,707	\$ 518,915	\$ -
Restricted for				
Streets and Highways	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Unrestricted	589,308	154,414	743,722	-
Total Net Assets	1,053,516	209,121	1,262,637	-
Total Liabilities and Net Assets	\$ 1,068,339	\$ 719,155	\$ 1,787,494	\$ -

Township of L'Anse
Government Wide Statement of Activities
For year ended March 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charge for Services	Operating Grants and Contributions	Primary Government			Component Units
				Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
General Government	\$150,550	\$ 270	\$ -	\$ -	\$ (150,280)	\$ -	\$ (150,280)
Public Safety	82,422	8,959	-	-	(73,463)	-	(73,463)
Public Works	6,773	-	-	-	(6,773)	-	(6,773)
Health and Welfare	65,816	-	-	-	(65,816)	-	(65,816)
Community and Economic Development	-	-	-	-	-	-	-
Recreation and Culture	70,116	11,505	-	-	(58,611)	-	(58,611)
Interest on Long-Term Debt	-	-	-	-	-	-	-
Transfers to other funds	31,123	-	-	-	(31,123)	-	(31,123)
Total Governmental Activities	406,800	20,734	-	-	(386,066)	-	(386,066)
Business-Type Activities							
Water and Sewer	34,524	16,641	-	-	-	(17,883)	(17,883)
Total Primary Government	\$441,324	\$ 37,375	\$ -	\$ -	(386,066)	(17,883)	(403,949)
General Revenues							
Property Taxes					257,758	-	257,758
State-Shared Revenues					130,084	-	130,084
Unrestricted Investment Earnings					8,501	4,200	12,701
Franchise Fees					-	-	-
Miscellaneous					7,950	-	-
Special Item - Gain on Sale of Park Land					-	-	-
Transfers					-	31,123	31,123
Total General Revenues - Special Items Transfers					404,293	35,323	431,666
Change in Net Assets					18,227	17,440	27,717
Net Assets - Beginning					1,035,289	191,681	1,226,970
Net Assets - End					\$ 1,053,516	\$ 209,121	\$ 1,254,687

Township of L'Anse
Governmental Fund Balance Sheet
March 31, 2006

	General Fund	Fire Millage Fund	Ambulance Millage Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 346,886	\$ 19,649	\$ 123,320	\$ 8,620	\$ 498,475
Investments	-	-	-	-	-
Receivables (Net)	-	-	-	-	-
Due From Other Funds	88,387	-	-	-	88,387
Receivable From Other Governments	6,180	5,624	5,465	-	17,269
Inventories	-	-	-	-	-
Total Assets	<u>\$ 441,453</u>	<u>\$ 25,273</u>	<u>\$ 128,785</u>	<u>\$ 8,620</u>	<u>\$ 604,131</u>
LIABILITIES					
Accounts Payable	\$ 11,916	\$ 2,907	\$ -	\$ -	\$ 14,823
Due to Other Funds	-	-	-	-	-
Payable to Other Governmentals	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>11,916</u>	<u>2,907</u>	<u>-</u>	<u>-</u>	<u>14,823</u>
Fund Balances					
Restricted for					
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	<u>429,537</u>	<u>22,366</u>	<u>128,785</u>	<u>8,620</u>	<u>589,308</u>
Total Fund Balances	<u>429,537</u>	<u>22,366</u>	<u>128,785</u>	<u>8,620</u>	<u>589,308</u>
Net Assets of Governmental Activities	<u>\$ 441,453</u>	<u>\$ 25,273</u>	<u>\$ 128,785</u>	<u>\$ 8,620</u>	<u>\$ 604,131</u>

Township of L'Anse
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
March 31, 2006

Total Fund Balance - Governmental Activities per Balance Sheet page 10	\$ 589,308
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Amounts reported for governmental activities
in the Statement of Net Assets are different
because:

1	Capital assets used in governmental activities are not financial resources and therefore not recorded in the funds	455,012
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2	Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those is depreciated over their estimated useful lives and reported as depreciation expense
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Capital Outlay	\$ 32,585
Depreciation Exp.	<u>(23,389)</u>

9,196

Total Net Assets - Governmental Activities per Balance Sheet page 9
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\$ 1,053,516

Township of L'Anse
Proprietary Combining Balance Sheet
March 31, 2006

	Water & Sewer Fund	Sewer Contingency Fund	Water Hook-up Fund	US 41 Water Fund	Totals Business - Type Activities
ASSETS					
Cash in bank	\$ 4,860	\$ 210,242	\$ 3,000	\$ 5,280	\$ 223,382
Accounts receivable	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Engineering	-	-	-	-	-
Utility plant and system	-	626,997	-	87,836	714,833
Equipment	-	-	-	-	-
Accumulated depreciation	-	(219,060)	-	-	(219,060)
TOTAL ASSETS	<u>\$ 4,860</u>	<u>\$ 618,179</u>	<u>\$ 3,000</u>	<u>\$ 93,116</u>	<u>\$ 719,155</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,280	\$ 5,280
Due to General Fund	-	-	-	87,836	87,836
Customer deposits	-	-	-	-	-
Revenue bonds payable	-	416,918	-	-	416,918
TOTAL LIABILITIES	<u>-</u>	<u>416,918</u>	<u>-</u>	<u>93,116</u>	<u>510,034</u>
FUND EQUITY					
Contributed capital	-	54,707	-	-	54,707
Retained earnings (deficit):					
Unreserved	4,860	146,554	3,000	-	154,414
Reserved	-	-	-	-	-
TOTAL FUND EQUITY	<u>4,860</u>	<u>201,261</u>	<u>3,000</u>	<u>-</u>	<u>209,121</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,860</u>	<u>\$ 618,179</u>	<u>\$ 3,000</u>	<u>\$ 93,116</u>	<u>\$ 719,155</u>

Township of L'Anse
Proprietary Funds
Combined Statement of Revenues, Expenses and Changes in Retained Earnings
For the year ended March 31, 2006

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	US 41 Water Fund	Totals Business - Type Activities
<u>OPERATING REVENUES</u>					
Charges for services	\$ -	\$ 16,641	\$ -	\$ -	\$ 16,641
Other operating revenue	-	-	-	-	-
TOTAL OPERATING REVENUE	-	16,641	-	-	16,641
<u>OPERATING EXPENSES</u>					
Salaries and wages	-	-	-	-	-
Contracted services	-	-	-	-	-
Bad Debts	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Insurance	-	-	-	-	-
Professional fees	-	-	-	-	-
Provision for depreciation	-	15,567	-	-	15,567
Miscellaneous	-	-	-	-	-
TOTAL OPERATING EXPENSES	-	15,567	-	-	15,567
OPERATING INCOME (LOSS)	-	1,074	-	-	1,074
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest on investments	53	4,147	-	-	4,200
Interest expense on bonds	-	(18,957)	-	-	(18,957)
Disaster Assistance grant	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	53	(14,810)	-	-	(14,757)
Operating Transfers in (out)	-	31,123	-	-	31,123
NET INCOME (LOSS)	53	17,387	-	-	17,440
Retained earnings at April 1	4,807	129,167	3,000	-	136,974
RETAINED EARNINGS AT MARCH 31	\$ 4,860	\$ 146,554	\$ 3,000	\$ -	\$ 154,414

Township of L'Anse
Proprietary Funds
Combined Statement of Cash Flow
For the Year ended March 31, 2006

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	US 41 Water Fund	Total Business - Type Activities
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income	\$ 53	\$ 17,387	\$ -	\$ -	\$ 17,440
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	15,567	-	-	15,567
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable	-	-	-	-	-
(Increase) Decrease in Due from other Funds	-	-	-	-	-
Increase (Decrease) in accounts payable	-	(5,280)	-	5,280	-
Increase (Decrease) in Due to General Fund	-	-	-	87,836	87,836
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>53</u>	<u>27,674</u>	<u>-</u>	<u>93,116</u>	<u>120,843</u>
CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Payments on revenue bonds	-	(23,199)	-	-	(23,199)
Payments for capital acquisitions	-	-	-	(87,836)	(87,836)
(Increase) Decrease of restricted assets	-	-	-	-	-
Operating transfers in	-	31,123	-	-	31,123
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES	<u>-</u>	<u>7,924</u>	<u>-</u>	<u>(87,836)</u>	<u>(79,912)</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Interest received on investments	-	4,147	-	-	4,147
Interest paid on bonds	-	(18,957)	-	-	(18,957)
Bond Proceeds	-	-	-	-	-
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>-</u>	<u>(14,810)</u>	<u>-</u>	<u>-</u>	<u>(14,810)</u>
NET INCREASE IN CASH	<u>53</u>	<u>20,788</u>	<u>-</u>	<u>5,280</u>	<u>26,121</u>
Cash at April 1	<u>4,807</u>	<u>189,454</u>	<u>3,000</u>	<u>-</u>	<u>197,261</u>
Cash at March 31	<u>\$ 4,860</u>	<u>\$ 210,242</u>	<u>\$ 3,000</u>	<u>\$ 5,280</u>	<u>\$ 223,382</u>

Township of L'Anse
Notes to Financial Statements
March 31, 2006

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of L'Anse, Michigan ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

A. Reporting Entity

The Township of L'Anse was organized under general law of the state of Michigan in 1867 and is governed by a Board of Trustees, which consists of 5 members, each of whom are elected. The township provides, or contributes to the providing of, the following services to its residents: public safety (fire and inspections), public works, culture and recreation, general administrative and other services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measure Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund - The fire fund accounts for revenue sources that are legally restricted for use on local fire protection.

Ambulance Fund - The ambulance fund accounts for revenue sources that are legally restricted for use for local emergency medical services.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

The government reports the following major proprietary funds:

Sewer Contingency Fund – The sewer contingency fund accounts for revenue sources that are used to operate, manage and maintain the townships sewer system.

Additionally, the government reports the following non-major fund types:

Liquor Law Enforcement, Electric permit, Building and zoning and water hook-up funds

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-- Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-- In general, outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Inventories and Prepaid Items-- Inventories are not significant and have not been recognized in any of the funds.

Restricted Assets-- The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Capital Assets-- Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$0 of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the township's policy not to permit employee's any sick or vacation pay benefits.

Long-Term Obligations-- In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity-- In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The primary government follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least one formal hearing conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, or each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing the Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Township Supervisor is authorized by means of the Township policy to make certain transfers:
 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amounts to be affected within prescribed limitations. The Board must approve transfers in excess of those limitations.
 2. The following considerations must be reviewed in determination of transfer approvals:
 - a. Are the transfers consistent with the intent of the Board in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Supplemental appropriations are submitted to and reviewed by the Township Supervisor and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the Township Board for their review and approval. If approved, they are implemented by the Supervisor's Office through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control resides at the line item level.
- g. Budgets for the General and Special Revenue Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board.

All annual appropriations lapse at fiscal year end.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
	None	None
General Fund	None	None
Fire Fund	None	None
Ambulance Fund	None	None
Liquor Law Enforcement	None	None
Building and Zoning	None	None
Electrical Permits	None	None

Fund Deficits-- The Local Governmental Unit has accumulated fund balance/retained earning deficits in the following individual funds

<u>Fund</u>	<u>Deficit</u>	<u>Fund Equity</u>
None	None	None

Township of L'Anse
Notes to Financial Statements
March 31, 2006

NOTE 3—DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The L'Anse Township Board has designated three banks/credit unions for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority

At year-end, the L'Anse Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and Cash Equivalents	\$498,475	\$223,382	\$ --	\$721,857	\$ --
Investments	--	--	--	--	--
Restricted Assets	--	--	2,568	2,568	--
Total	\$498,475	\$223,382	\$2,568	\$724,425	\$ --

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$724,325	\$ --
Investments in Securities, Mutual Funds and Similar Vehicles	--	--
Petty Cash and Cash on Hand	100	--
Total	\$724,425	\$ --

The bank balance of the primary government's deposits is \$720,390, of which \$720,390 is covered by federal depository insurance and \$0 is collateralized by with U.S. Treasury securities held by the pledging financial institution's trust department in the government's name.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

At year-end, the government's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary Government				
U.S. Government Securities	\$ --	\$ --	\$ --	\$ --
Commercial Paper	--	--	--	--
Repurchase Agreements	--	--	--	--
Subtotal	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	
Investments Not subject to Categorization				
Mutual Funds				
Bank Investment Pools				
Total Primary Government				<u>\$ --</u>
Component Units				
Bank Investment Pools				<u>\$ --</u>

Governmental funds report no deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent Property Taxes	\$ --	\$ --
Special Assessments	--	--
Grant Drawdowns Prior to Meeting all Eligibility Requirements	--	--
Total	<u>\$ --</u>	<u>\$ --</u>

Township of L'Anse
Notes to Financial Statements
March 31, 2006

NOTE 4—CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$297,900	\$3,614	\$--	\$301,514
Construction in Progress	--	--	--	--
Subtotal	297,900	3,614	--	301,514
Capital Assets Being Depreciated				
Buildings	1,098,243	24,691	--	1,122,934
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	222,714	4,280	--	226,994
Infrastructure	--	--	--	--
Subtotal	1,618,857	32,585	--	1,651,442
Less Accumulated Depreciation for				
Buildings	1,014,438	5,303	--	1,019,741
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	149,407	18,086	--	167,493
Infrastructure	--	--	--	--
Subtotal	1,163,845	23,389	--	1,187,234
Net Capital Assets Being Depreciated	455,011	9,196	--	464,208
Governmental Activities Capital Total	\$1,627,353	\$32,585	\$--	\$1,651,442
Capital Assets—Net Depreciation	\$455,011	\$9,196	\$--	\$464,208

Township of L'Anse
Notes to Financial Statements
March 31, 2006

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated	\$ --	\$ --	\$ --	\$ --
Land	--	--	--	--
Construction in Progress	--	--	--	--
Subtotal	--	--	--	--
Capital Assets Being Depreciated				
Buildings	--	--	--	--
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	--	--	--	--
Infrastructure	626,997	87,836	--	714,833
Subtotal	626,997	--	--	714,833
Less Accumulated Depreciation for				
Buildings	--	--	--	--
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	--	--	--	--
Infrastructure	203,493	15,567	--	219,060
Subtotal	203,493	15,567	--	219,060
Net Capital Assets Being Depreciated	423,504	15,567	--	495,773
Governmental Activities Capital Total	\$626,997	\$87,836	\$ --	\$714,833
Capital Assets—Net Depreciation	\$423,504	\$15,567	\$ --	\$495,773

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$3,107
Public Safety	9,077
Public Works	--
Economic Development	--
Recreation and Culture	11,205
Internal Service Fund Depreciation is Charged to the Various Functions Based on Their Usage of the Assets	--
Total Governmental Activities	<u>\$23,389</u>
Business-Type Activities	
Water	--
Sewer	<u>\$15,567</u>
Total Business-Type Activities	<u>\$15,567</u>

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Construction Commitments—The government has no active construction projects at year-end.

NOTE 5—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds		
General	Water and Sewer	\$87,836
Total		<u>\$87,836</u>

Interfund Transfers

	<u>Transfers (Out)</u>		
	<u>Water and Sewer</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Transfers In			
General Fund	\$31,123	\$ --	\$31,123
Total	<u>\$31,123</u>	<u>\$ --</u>	<u>\$31,123</u>

NOTE 6—LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The revenue bonds payable reflected in the Sewer Contingency Fund of general obligation and revenue bonds were incurred for the sanitary system on behalf of the Township. The Village of L'Anse and the Township of L'Anse have entered into a contract with the Baraga County Board of Public Works for the local share of the financing of a sanitary sewer system. The Baraga County Board of Public Works issued Baraga County Sanitary System No. 2 Bonds to finance this project. Annual transfers equal to principal and interest payments on the debt are made based on contractual agreements by those local units deriving revenues and benefits from the facilities. The remaining payment schedule on the bonds is as follows:

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-Type Activities						
Revenue Bonds						
System # 1	5%	2042	\$147,960	\$(9,864)	\$138,096	\$9,864
System # 2	4.5%	2018	281,124	(2,302)	278,822	3,124
Total Business-Type Activities			\$429,084	\$(12,166)	\$416,918	\$12,988

Annual debt service requirements to maturity for the above obligations are as follows:

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ --	\$ --	\$12,988	\$19,452
2008	--	--	13,974	18,818
2009	--	--	13,974	18,136
2010	--	--	14,960	17,453
2011	--	--	15,125	16,723
2012 - 2042	--	--	345,967	256,278
Total	\$ --	\$ --	\$416,918	\$346,860

Bonds originally issued for (System 1# \$1,710,000 and dated October 17, 1979; System 2# \$1,750,000 and dated December 10, 2001), mature annually as scheduled above and bear interest at (System #1 - 5%; System #2 - 4.5%) per annum. Interest is payable (System #1 -May 1 and November 1; System #2 -Jan 1 and July 1) .

NOTE 7—SEGMENT INFORMATION

The Township maintains three enterprise funds: a Water & Sewer Fund, Sewer Contingency Fund, and a Water Hookup Fund. Condensed segment information for the period ended March 31, 2006, is as follows:

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Condensed Statement of Net Assets

Assets	
Current Assets	\$223,382
Due From Other Funds	--
Restricted Assets	--
Capital Assets	<u>495,773</u>
Total Assets	<u>\$719,155</u>
Liabilities	
Current Liabilities	\$--
Due to Other Funds	93,116
Current Liabilities Payable From Restricted Assets	--
Noncurrent Liabilities	<u>416,918</u>
Total Liabilities	<u>510,034</u>
Net Assets	
Invested in Capital Assets	
Restricted	--
Unrestricted	<u>209,121</u>
Total Net Assets	<u>\$719,155</u>

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

Sewer Charges (Pledged Against Bonds)	\$16,641
Depreciation Expense	(15,567)
Other Operating Expenses	<u>--</u>
Operating Income	1,074
Nonoperating Revenue (Expense)	
Investment Earnings	4,200
Interest Expense	(18,957)
Operating Transfers in (out)	<u>31,123</u>
Changes in Net Assets	17,440
Beginning Net Assets	<u>191,681</u>
Ending Net Assets	<u>\$209,121</u>

Township of L'Anse
Notes to Financial Statements
March 31, 2006

Condensed Statement of Cash Flows

Net Cash Provided by (Used in)	
Operating Activities	\$33,007
Noncapital Financing Activities	--
Capital and Related Financing Activities	7,923
Investing Activities	<u>(14,810)</u>
Net Increase (Decrease)	26,120
Beginning Cash and Cash Equivalents	<u>197,262</u>
Ending Cash and Cash Equivalents	<u><u>\$223,382</u></u>

NOTE 8—RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

Unspent Bond Proceeds	\$ --
Revenue Bond Restrictions	
Operations and Maintenance Account	--
Improvement and Replacement Account	--
Bond Reserve	<u>--</u>
Total Restricted Assets	<u><u>\$ --</u></u>

NOTE 9—RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township maintains insurance coverage through the Michigan Township Participating Plan, which covers each of the risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the township. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10—EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Township has a defined contribution retirement plan through ManuLife and John Hancock Life covering all elected officials. The Township's contribution for all funds amounted to \$5,226 for the year ended March 31, 2006. The funds vest immediately.

The premium due under the policy, which is paid totally by the Township, is based on the elected official's income level. The plans value at December 31, 2006 is not available.

Township of L'Anse
Notes to Financial Statements
March 31, 2006

NOTE 11—SUBSEQUENT EVENTS - US 41 WATER LINE EXTENSION FUND

Over the last several years the Township has been working with their professional engineers and their elected (Senate and House) representatives to try and find funding to extend their water system in one portion of the Township.

On December 14, 2005, United States Senator Carl Levin announced that L'Anse Township would be receiving a \$209,000 loan (to be repaid with revenue bonds) and a Grant of \$416,000 from USDA, Rural Development with funds to be delivered upon fulfillment of all final conditions. On April 12, 2006, the United States Environmental Protection Agency announced a grant approval for this project in the amount of \$240,600. This brought funding for the entire project to \$865,600.

As of March 31, 2006, year end the township had expended \$88,387 in professional engineer's cost for the US 41 Water Line Extension Fund. This number is expected to grow to \$103,548 by the issue of the bid for construction.

On February 27, the engineers instructed the Township to open a new enterprise fund called the US 41 Water Line Extension Fund and to start collecting deposits from residents who wish to be connected to this extension.

On June 14, 2006, the Township Board passed a resolution prepared by their professional engineer to set up the US 41 Water Line Extension Fund and cover other operating features of this fund which was later made retroactive to February 27, 2006.

At the Township's regular Board Meeting on September 13, 2006, the Township opened bids on this project, which ranged from \$671,262 to \$1,000,178 from eight (8) different bidders.

At a special meeting of the Townships Board on September 25, 2006, the Board approved the low bidder in the amount of \$671,262 and awarded the contract, subject to RDA approval. The Township's general fund will, as a result of this action, receive \$103,548 to reimburse it for money it loaned to the US 41 Water Line Extension Fund.

Required Supplemental Information

Township of L'Anse
Budgetary Comparison Schedule
General Fund
Year ended March 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 453,210	\$ 453,210	\$ 453,210	-
Resources (Inflows):				
Taxes	101,102	105,607	105,377	230
Licenses & permits	-	-	-	-
Intergovernmental revenue				-
Federal	1,200	1,200	-	1,200
State	129,600	121,453	126,306	(4,853)
Charges for services	11,395	18,370	19,725	(1,355)
Fines & forfeits	-	-	-	-
Interest & rents	6,800	6,800	6,883	(83)
Other revenue	-	-	-	-
Amounts available for Appropriations	703,307	706,640	711,501	(4,861)
Charges to Appropriation (Outflows):				
General government				-
Township Board	10,670	11,011	10,956	55
Supervisor	17,576	19,165	18,165	1,000
Elections	3,525	6,200	642	5,558
Assessor / Equalization	31,735	31,735	24,359	7,376
Clerk	22,638	21,811	18,331	3,480
Board of Review	2,245	2,798	2,795	3
Treasurer	27,404	28,444	27,130	1,314
Township Properties	27,438	47,748	45,914	1,834
Cemetery	1,300	9,300	4,418	4,882
Legal and Accounting	7,100	7,126	7,037	89
Public safety				
Planing and zoning	100	100	-	100
Public works				
Street lights	7,090	7,090	6,259	831
Sanitation, refuse collection	1,000	1,000	514	486
Highways and streets	4,480	4,480	-	4,480
Recreation & culture	63,169	71,870	70,116	1,754
Transfers to other funds	30,000	31,123	31,123	-
Total Charges to Appropriations	257,470	301,001	267,759	33,242
Ending Budgetary Fund Balance	\$ 445,837	\$ 405,639	\$ 443,742	\$ (38,103)

Township of L'Anse
Budgetary Comparison
Fire Fund
For year ended March 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 13,458	\$ 13,458	\$ 13,458	\$ -
Resources (Inflows):				
Taxes	71,246	71,246	76,295	(5,049)
Licenses & permits				-
Intergovernmental revenue				-
Federal	-	-	-	-
State	-	-	-	-
Charges for services	590	590	590	-
Fines & forfeits	-	-	-	-
Interest & rents	575	575	492	83
Other revenue	-	-	2,018	(2,018)
Amounts available for Appropriations	85,869	85,869	92,853	(6,984)
Charges to Appropriation (Outflows):				
Personal services	-	-	-	-
Capital outlay	-	1,600	1,600	-
Other current expenditures	61,214	70,500	68,886	1,614
Total Charges to Appropriations	61,214	72,100	70,486	1,614
Ending Budgetary Fund Balance	<u>\$ 24,655</u>	<u>\$ 13,769</u>	<u>\$ 22,367</u>	<u>\$ (8,598)</u>

Township of L'Anse
Budgetary Comparison Schedule
Ambulance Fund
For year ended March 31, 2006

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Begining Budgetary Fund Balance	\$ 117,388	\$ 117,388	\$ 117,388	\$ -
Resources (Inflows):				
Taxes	69,369	69,369	76,088	(6,719)
Licenses & permits				-
Intergovernmental revenue				-
Federal				-
State				-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest & rents	1,430	1,430	1,126	304
Other revenue	-	-	-	-
Amounts available for Appropriations	188,187	188,187	194,602	(6,415)
Charges to Appropriation (Outflows):				
Personal services	-	-	-	-
Capital outlay	-	-	-	-
Other current expenditures	65,816	65,816	65,816	-
Total Charges to Appropriations	65,816	65,816	65,816	-
Ending Budgetary Fund Balance	<u>\$ 122,371</u>	<u>\$ 122,371</u>	<u>\$ 128,786</u>	<u>\$ (6,415)</u>

Township of L'Anse
Budgetary Comparison Schedule
Nonmajor Funds
For year ended March 31, 2006

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Beginning Budgetary Fund Balance	\$ 10,427	\$ 10,427	\$ 10,427	\$ -
Resources (Inflows):				
Taxes	-	-	-	-
Licenses & permits	-	-	-	-
Intergovernmental revenue				-
Federal	-	-	-	-
State	1,760	1,760	1,760	-
Charges for services	10,000	8,373	8,369	4
Fines & forfeits	-	-	-	-
Interest & rents	-	-	-	-
Other revenue	-	-	-	-
Amounts available for Appropriations	22,187	20,560	20,556	4
Charges to Appropriation (Outflows):				
Contracted services	10,120	9,700	7,946	1,754
Capital outlay	-	-	-	-
Other current expenditures	992	1,213	3,990	(2,777)
Total Charges to Appropriations	11,112	10,913	11,936	(1,023)
Ending Budgetary Fund Balance	<u>\$ 11,075</u>	<u>\$ 9,647</u>	<u>\$ 8,620</u>	<u>\$ 1,027</u>

Other Supplemental Information

Township of L'Anse
General Fund
Balance Sheet
March 31, 2006

ASSETS

Cash and investments	
Unrestricted	\$ 346,886
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	88,387
Due from others	6,180
Prepaid expense and other assets	-
	<hr/>
TOTAL ASSETS	\$ 441,453

LIABILITIES

Accounts Payable	\$ 11,916
Cash & investment overdrafts	-
Due to other funds	-
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	-
	<hr/>
TOTAL LIABILITIES	11,916

FUND EQUITY

FUND BALANCE	
Unrestricted	429,537
Reserved	-
	<hr/>

TOTAL FUND BALANCE	429,537
	<hr/>

TOTAL LIABILITIES & EQUITY	\$ 441,453
	<hr/>

Township of L'Anse
General Fund Revenues, Budget to Actual
For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes				
Operating tax levy	\$ 74,752	\$ 78,767	\$ 78,131	\$ (636)
Delinquent tax collection and interest	200	300	69	(231)
Trailer Park taxes	150	150	93	(57)
Administrative fees	26,000	26,390	27,084	694
Total General Property Taxes	<u>\$ 101,102</u>	<u>\$ 105,607</u>	<u>\$ 105,377</u>	<u>\$ (230)</u>
Licenses and Permits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intergovernmental Revenue				
Payments in Lieu of taxes				
Swamp Lands	\$ -	\$ -	\$ -	\$ -
Commercial Forest Reserves	-	-	-	-
State shared taxes	129,600	121,453	126,306	4,853
Total State Shared Revenues	<u>129,600</u>	<u>121,453</u>	<u>126,306</u>	<u>4,853</u>
Federal Grants				
Payments in Lieu of taxes - National Forest	1,200	1,200	-	(1,200)
Total Federal Shared Revenues	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>(1,200)</u>
Reimbursements from other governments	-	-	-	-
Total Intergovernmental Revenue	<u>\$ 130,800</u>	<u>\$ 122,653</u>	<u>\$ 126,306</u>	<u>\$ 3,653</u>
Charges for Services				
Charges for services	\$ 875	\$ 600	\$ 270	\$ (330)
Rentals & Park Fees	10,220	10,220	11,505	1,285
Miscellaneous	300	7,550	7,950	400
Total Charges for Services	<u>\$ 11,395</u>	<u>\$ 18,370</u>	<u>\$ 19,725</u>	<u>\$ 1,355</u>
Fines and forfeits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 6,800</u>	<u>\$ 6,800</u>	<u>\$ 6,883</u>	<u>\$ 83</u>
Other Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenue	<u>\$ 250,097</u>	<u>\$ 253,430</u>	<u>\$ 258,291</u>	<u>\$ 4,861</u>

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual
For the year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
LEGISLATIVE				
TOWNSHIP BOARD				
Personal Services, Salaries wages				
Salaries and wages	\$ 5,900	\$ 6,247	\$ 6,200	\$ 47
Employee benefits	1,800	1,437	1,436	1
Total Personal Services, Salaries	7,700	7,684	7,636	48
Capital outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	80	80	76	4
Office supplies	60	187	186	1
Travel	300	130	130	-
Printing and Publishing	1,130	1,425	1,424	1
Dues and Memberships	1,300	1,505	1,504	1
Miscellaneous	100	-	-	-
Total Other Current Expenditures	2,970	3,327	3,320	7
Total Township Board	10,670	11,011	10,956	55
Total Legislative	\$ 10,670	\$ 11,011	\$ 10,956	\$ 55
General Government				
Supervisor				
Personal Services, Salaries wages				
Salaries and wages	\$ 13,291	\$ 14,500	\$ 14,065	\$ 435
Employee benefits	3,325	3,325	3,114	211
Total Personal Services, Salaries	16,616	17,825	17,179	646
Capital outlay	300	300	-	300
Other Current Expenditures				
Office Supplies	50	50	29	21
Travel	610	990	957	33
Miscellaneous	-	-	-	-
Total Other Current Expenditures	660	1,040	986	54
Total Supervisor	\$ 17,576	\$ 19,165	\$ 18,165	\$ 1,000
Elections				
Personal Services, Salaries wages				
Salaries and wages	\$ 2,500	\$ -	\$ -	\$ -
Employee benefits	325	-	-	-
Total Personal Services, Salaries	2,825	-	-	-
Capital outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	-	5,500	560	-
Office Supplies	300	300	-	300
Operating Supplies	350	350	82	268
Printing and Publishing	50	50	-	50
Miscellaneous	-	-	-	-
Total Current Expenditures	700	6,200	642	5,558
Total Elections	\$ 3,525	\$ 6,200	\$ 642	\$ 5,558
Assessor/Equalization				
Personal Services, Salaries wages				
Salaries and wages	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Total Personal Services, Salaries	-	-	-	-
Capital outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	29,425	29,425	23,412	6,013
Office Supplies	870	870	762	108
Operating Supplies	650	650	-	650
Travel	500	500	185	315
Printing and Publishing	-	-	-	-
Miscellaneous	290	290	-	290
Total Current Expenditures	31,735	31,735	24,359	7,086
Total Assessor/Equalization	\$ 31,735	\$ 31,735	\$ 24,359	\$ 7,376

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (continued)
For the year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Clerk				
Personal Services, Salaries wages	\$ 13,823	\$ 13,548	\$ 12,635	\$ 913
Salaries and wages	3,450	2,898	2,749	149
Employee benefits				
Total Personal Services, Salaries	17,273	16,446	15,384	1,062
	4,000	4,000	2,200	1,800
Capital Outlay				
Other Current Expenditures				
Office Supplies	900	900	682	218
Operating Supplies	-	-	-	-
Travel	465	465	65	400
Printing and Publishing	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	1,365	1,365	747	618
Total Clerk	\$ 22,638	\$ 21,811	\$ 18,331	\$ 3,480
Board of Review				
Personal Services, Salaries wages	\$ 1,500	\$ 2,093	\$ 2,093	\$ -
Salaries and wages	375	227	225	2
Employee benefits				
Total Personal Services, Salaries	1,875	2,320	2,318	2
	-	-	-	-
Capital Outlay				
Other Current Expenditures				
Office Supplies	60	28	27	1
Travel/training	310	240	240	-
Printing and Publishing	-	210	210	-
Total Other Current Expenditures	370	478	477	1
Total Board of Review	\$ 2,245	\$ 2,798	\$ 2,795	\$ 3
Treasurer				
Personal Services, Salaries wages	\$ 19,870	\$ 20,370	\$ 20,275	\$ 95
Salaries and wages	4,374	4,384	4,383	1
Employee benefits				
Total Personal Services, Salaries	24,244	24,754	24,658	96
	-	230	-	230
Capital Outlay				
Other Current Expenditures				
Contractual Services	1,000	1,000	635	365
Office Supplies	1,200	1,200	1,185	15
Travel	200	575	418	157
Printing and Publishing	460	385	234	151
Repairs and Maintenance	300	300	-	300
Miscellaneous	-	-	-	-
Total Other Current Expenditures	3,160	3,460	2,472	988
Total Treasurer	\$ 27,404	\$ 28,444	\$ 27,130	\$ 1,314
Township Properties				
Personal Services, Salaries and wages	\$ 6,504	\$ 6,504	\$ 6,504	\$ -
Salaries and wages	1,104	994	784	210
Employee benefits				
Total Personal Services, Salaries	7,608	7,498	7,288	210
	-	11,620	10,761	859
Capital Outlay				
Other Current Expenditures				
Contracted Services	-	6,872	6,559	313
Office Supplies	-	307	306	1
Operating supplies	220	679	679	-
Utilities	6,870	7,433	7,351	82
Telephone	1,920	1,882	1,591	291
Insurance	10,000	9,137	9,137	-
Repairs and Maintenance	820	2,320	2,207	113
Miscellaneous	-	-	35	(35)
Total Other Current Expenditures	19,830	28,630	27,865	765
Total Township Properties	\$ 27,438	\$ 47,748	\$ 45,914	\$ 1,834

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (Continued)
For the year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Cemetery				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	700	7,117	2,243	4,874
Operating Supplies	400	1,150	1,142	8
Printing & publishing	-	43	43	-
Repairs & maintenance	200	990	990	-
Total Cemetery	<u>1,300</u>	<u>9,300</u>	<u>4,418</u>	<u>4,882</u>
Total General government	<u>\$ 133,861</u>	<u>\$ 167,201</u>	<u>\$141,754</u>	<u>\$ 25,447</u>
Legal and Accounting				
Other Current Expenditures				
Contracted Services	\$ 7,000	\$ 7,026	\$ 7,026	\$ -
Miscellaneous	100	100	11	89
Total Legal & Accounting	\$ 7,100	\$ 7,126	\$ 7,037	\$ 89
Public Safety				
Police/Liquor Law Enforcement				
Other Current Expenditures				
Contracted Services	-	-	-	-
Planning and Zoning				
Personal Services, Salaries wages				
Salaries and wages	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Total Personal Services, Salaries	-	-	-	-
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	\$ -	\$ -	\$ -	\$ -
Printing & publishing	100	100	-	100
Total Other Current Expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Planning and Zoning	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Public Safety	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>
Public Works				
Street Lights				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contractual Services	7,090	7,090	6,259	831
Repairs and Maintenance	-	-	-	-
Total Other Current Expenditures	<u>7,090</u>	<u>7,090</u>	<u>6,259</u>	<u>831</u>
Total Street Lights	<u>\$ 7,090</u>	<u>\$ 7,090</u>	<u>\$ 6,259</u>	<u>\$ 831</u>
Sanitation, Refuse Collection				
Other Current Expenditures				
Contracted Services	\$ 1,000	\$ 1,000	\$ 514	\$ 486
Highways and Streets				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	4,480	4,480	-	4,480
Office Supplies	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>\$ 4,480</u>	<u>\$ 4,480</u>	<u>\$ -</u>	<u>\$ 4,480</u>
Total Public Works	<u>\$ 12,570</u>	<u>\$ 12,570</u>	<u>\$ 6,773</u>	<u>\$ 5,797</u>

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (Continued)
For the year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
Culture and Recreation				
Parks and Recreation				
Personal Services, Salaries wages				
Salaries and wages	\$ 35,284	\$ 34,160	\$ 34,094	\$ 66
Employee benefits	6,190	6,190	4,709	1,481
Total Personal Services, Salaries	<u>41,474</u>	<u>40,350</u>	<u>38,803</u>	<u>1,547</u>
Capital Outlay	8,000	18,025	18,024	1
Other Current Expenditures				
Contracted Services	2,070	2,179	2,179	-
Office Supplies	-	-	-	-
Operating Supplies	3,910	2,668	2,667	1
Travel	350	42	20	22
Dues & Memberships	200	200	200	-
Utilities	2,150	2,368	2,368	-
Telephone	465	441	360	81
Insurance	2,300	2,256	2,155	101
Repairs and Maintenance	2,250	3,341	3,340	1
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>13,695</u>	<u>13,495</u>	<u>13,289</u>	<u>206</u>
Total Parks and Recreation	<u>63,169</u>	<u>71,870</u>	<u>70,116</u>	<u>1,754</u>
Total Culture and Recreation	<u>\$ 63,169</u>	<u>\$ 71,870</u>	<u>\$ 70,116</u>	<u>\$ 1,754</u>
Unallocated Other General Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers Out				
Sewer Fund	<u>\$ 30,000</u>	<u>\$ 31,123</u>	<u>\$ 31,123</u>	<u>\$ -</u>
	<u>\$ 30,000</u>	<u>\$ 31,123</u>	<u>\$ 31,123</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 257,470</u>	<u>\$ 301,001</u>	<u>\$ 267,759</u>	<u>\$ 33,242</u>

Township of L'Anse
Fire Fund
Balance Sheet
March 31, 2006

ASSETS

Cash and investments	
Unrestricted	\$ 19,649
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	
Due from others	5,624
Prepaid expense and other assets	-
	<hr/>
TOTAL ASSETS	<u>\$ 25,273</u>

LIABILITIES

Accounts Payable	\$ 2,907
Cash & investment overdrafts	-
Due to other funds	
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	-
	<hr/>

TOTAL LIABILITIES 2,907

FUND EQUITY

FUND BALANCE	
Unrestricted	22,366
Reserved	-
	<hr/>

TOTAL FUND BALANCE 22,366

TOTAL LIABILITIES & EQUITY \$ 25,273

Township of L'Anse
Fire Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
General Property Taxes				
Operating tax Levy	\$ 71,146	\$ 71,146	\$ 76,231	\$ (5,085)
Delinquent tax collection and interest	100	100	63	37
Trailer Park taxes	-	-	-	-
Administrative fees	-	-	-	-
Total General Property Taxes	<u>71,246</u>	<u>71,246</u>	<u>76,294</u>	<u>(5,048)</u>
Intergovernmental Revenues				
Federal Shared Revenues	-	-	2,018	(2,018)
Charges for Services	590	590	590	-
Interest	<u>575</u>	<u>575</u>	<u>492</u>	<u>(83)</u>
Total Revenue	<u>72,411</u>	<u>72,411</u>	<u>79,394</u>	<u>(7,149)</u>
Public Safety				
Fire Protection				
Personal Services, Salaries wages				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Total Personal Services, Salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	-	1,600	1,600	-
Other Current Expenditures				
Contracted Services	54,394	57,241	57,240	1
Operating Supplies	50	1,434	1,431	3
Travel	250	396	395	1
Printing & publishing	-	-	-	-
Utilities	2,300	1,875	1,870	5
Telephone	540	483	482	1
Insurance	2,900	3,187	3,186	1
Repairs & Maintenance	780	5,884	4,282	1,602
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>61,214</u>	<u>70,500</u>	<u>68,886</u>	<u>1,614</u>
Total Fire Protection	<u>61,214</u>	<u>72,100</u>	<u>70,486</u>	<u>1,614</u>
Total Public Safety	<u>61,214</u>	<u>72,100</u>	<u>70,486</u>	<u>1,614</u>
TOTAL EXPENDITURES	<u>61,214</u>	<u>72,100</u>	<u>70,486</u>	<u>1,614</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,197	311	8,908	<u>\$ (8,763)</u>
FUND BALANCE, APRIL 1	<u>13,458</u>	<u>13,458</u>	<u>13,458</u>	
FUND BALANCE MARCH 31	<u>\$ 24,655</u>	<u>\$ 13,769</u>	<u>\$ 22,366</u>	

Township of L'Anse
Ambulance Fund
Balance Sheet
March 31, 2006

ASSETS

Cash and investments	
Unrestricted	\$ 123,320
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	-
Due from others	5,465
Prepaid expense and other assets	-
	<hr/>
TOTAL ASSETS	<u>\$ 128,785</u>

LIABILITIES

Accounts Payable	\$ -
Cash & investment overdrafts	-
Due to other funds	-
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	-
	<hr/>
TOTAL LIABILITIES	-

FUND EQUITY

FUND BALANCE	
Unrestricted	128,785
Reserved	-
	<hr/>
TOTAL FUND BALANCE	<u>128,785</u>
	<hr/>
TOTAL LIABILITIES & EQUITY	<u>\$ 128,785</u>

Township of L'Anse
Ambulance Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes				
Operating tax Levy	\$ 69,114	\$ 69,114	\$ 76,025	\$ 6,911
Delinquent tax collection and interest	255	255	62	(193)
Trailer Park taxes	-	-	-	-
Administrative fees	-	-	-	-
Total General Property Taxes	69,369	69,369	76,087	6,718
Intergovernmental Revenues				
Federal Shared Revenues	-	-	-	-
Charges for Services				
	-	-	-	-
Interest	<u>1,430</u>	<u>1,430</u>	<u>1,126</u>	<u>(304)</u>
Total Revenue	<u>70,799</u>	<u>70,799</u>	<u>77,213</u>	<u>6,414</u>
Public Safety				
Police and Liquor Law				
Personal Services, Salaries wages				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Total Personal Services, Salaries	-	-	-	-
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	65,816	65,816	65,816	-
Operating Supplies	-	-	-	-
Travel	-	-	-	-
Printing & publishing	-	-	-	-
Utilities	-	-	-	-
Telephone	-	-	-	-
Insurance	-	-	-	-
Repairs & Maintenance	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	65,816	65,816	65,816	-
Total Police and Liquor Law	65,816	65,816	65,816	-
Total Public Safety	<u>65,816</u>	<u>65,816</u>	<u>65,816</u>	<u>-</u>
TOTAL EXPENDITURES	<u>65,816</u>	<u>65,816</u>	<u>65,816</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,983</u>	<u>4,983</u>	<u>11,397</u>	<u>\$ (6,414)</u>
FUND BALANCE, APRIL 1	<u>117,388</u>	<u>117,388</u>	<u>117,388</u>	
FUND BALANCE MARCH 31	<u>\$ 122,371</u>	<u>\$ 122,371</u>	<u>\$ 128,785</u>	

Township of L'Anse
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2006

		<u>Special Revenue Funds</u>		Total
	Liquor Law Enforcement	Electric Permits Fund	Building & Zoning Fund	Nonmajor Governmental Funds
ASSETS				
Cash and investments				
Unrestricted	\$ 377	\$ 6,805	\$ 1,438	\$ 8,620
Restricted	-	-	-	-
Receivables				
Accounts (net)	-	-	-	-
Interest	-	-	-	-
Taxes - current	-	-	-	-
Taxes -delinquent personal	-	-	-	-
Due from Federal Government	-	-	-	-
Due from State of Michigan	-	-	-	-
Due from others fun	-	-	-	-
Due from others	-	2,000	-	2,000
Prepaid expense and other assets	-	-	-	-
TOTAL ASSETS	<u>\$ 377</u>	<u>\$ 8,805</u>	<u>\$ 1,438</u>	<u>\$ 10,620</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Cash & investment overdrafts	-	-	-	-
Due to other funds	-	-	2,000	2,000
Due to others	-	-	-	-
Due to federal government	-	-	-	-
Due to State of Michigan	-	-	-	-
Accrued payroll	-	-	-	-
Accrued sick and vacation	-	-	-	-
Other current liabilities	-	-	-	-
TOTAL LIABILITIES	-	-	2,000	2,000
FUND EQUITY				
FUND BALANCE				
Unrestricted	377	6,805	1,438	8,620
Reserved	-	-	-	-
TOTAL FUND BALANCE	<u>377</u>	<u>6,805</u>	<u>1,438</u>	<u>8,620</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 377</u>	<u>\$ 6,805</u>	<u>\$ 3,438</u>	<u>\$ 10,620</u>

Township of L'Anse

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the year ended March 31, 2006

	Liquor Law Fund			Electric Permits Fund			Building & Zoning Fund			Total Nonmajor Funds		
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
General Property Taxes												
Operating tax Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent tax collection and interest	-	-	-	-	-	-	-	-	-	-	-	-
Trailer Park taxes	-	-	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	-
Total General Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenues												
State Shared Revenues	1,760	1,760	1,760	-	-	-	-	-	1,760	1,760	1,760	-
Charges for Services	-	-	-	-	6,000	5,068	5,065	(3)	4,000	3,305	3,304	(1)
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,760	1,760	1,760	-	6,000	5,068	5,065	(3)	4,000	3,305	3,304	(1)
									11,760	10,133	10,129	(4)
Personal Services, Salaries wages												
Salaries and wages	1,560	2,555	2,554	1	-	-	-	-	1,560	2,555	2,554	1
Employee benefits	180	404	402	2	-	-	-	-	180	404	402	2
Total Personal Services, Salaries	1,740	2,959	2,956	3	-	-	-	-	1,740	2,959	2,956	3
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	5,600	4,100	3,853	247	4,520	5,600	4,093	1,507
Operating Supplies	20	33	33	-	-	-	-	-	15	21	21	-
Travel	-	-	-	-	400	780	778	2	557	379	202	177
Printing & publishing	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Current Expenditures	20	33	33	-	6,000	4,880	4,631	249	5,092	6,000	4,316	1,684
Total Police and Liquor Law	1,760	2,992	2,989	3	6,000	4,880	4,631	249	5,092	6,000	4,316	1,684
Totals	1,760	2,992	2,989	3	6,000	4,880	4,631	249	5,092	6,000	4,316	1,684
TOTAL EXPENDITURES	1,760	2,992	2,989	3	6,000	4,880	4,631	249	5,092	6,000	4,316	1,684
Operating Transfers In / (Out)	-	-	-	-	-	(2,000)	(2,000)	-	-	2,000	2,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,232)	(1,229)	\$ (3)	-	(1,812)	(1,566)	\$ (246)	(1,092)	(695)	988	\$ (1,683)
FUND BALANCE, APRIL 1	1,606	1,606	1,606		8,371	8,371	8,371		450	450	450	
FUND BALANCE MARCH 31	\$ 1,606	\$ 374	\$ 377		\$ 8,371	\$ 6,559	\$ 6,805		\$ (642)	\$ (245)	\$ 1,438	
									\$ 9,335	\$ 6,688	\$ 8,620	

Township of L'Anse
All Agency funds statement of Assets and Liabilities
For the year ended March 31, 2006

GENERAL AGENCY FUND

	Balance April 1	Additions	Deductions	Balance March 31
<u>ASSETS</u>				
Cash in bank	\$ -	\$ 32,665	\$ 32,665	\$ -
TOTAL ASSETS	\$ -	\$ 32,665	\$ 32,665	\$ -
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ -	\$ 118	\$ 118	\$ -
Fire Fund	-	21	21	-
Ambulance Fund	-	21	21	-
Other Funds	-	160	160	-
Due to schools	-	-	-	-
Due to county	-	779	779	-
Due to state government	-	5,018	5,018	-
Due to federal government	-	26,708	26,708	-
Due to others	-	-	-	-
TOTAL LIABILITIES	\$ -	\$ 32,825	\$ 32,825	\$ -

CURRENT TAX COLLECTION ACCOUNT

<u>ASSETS</u>				
Cash in bank	\$ -	\$ 1,183,976	\$ 1,181,408	\$ 2,568
TOTAL ASSETS	\$ -	\$ 1,183,976	\$ 1,181,408	\$ 2,568
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ -	\$ 87,240	\$ 87,240	\$ -
Fire Fund	-	74,681	74,681	-
Ambulance Fund	-	72,560	72,560	-
Other Funds	-	1,496	1,496	-
Due to schools	-	13	13	-
Due to State Government	-	9	9	-
Due to county	-	1,001,155	1,001,155	-
Due to others	-	6,863	9,431	2,568
TOTAL LIABILITIES	\$ -	\$ 1,244,017	\$ 1,246,585	\$ 2,568

Township of L'Anse
Statement of General Fixed Assets
March 31, 2006

	March 31, 2005	Additions	Disposals	March 31, 2006
General Fixed Assets				
Land	\$ 297,900	\$ 3,614	\$ -	\$ 301,514
Buildings	1,098,243	24,691	-	1,122,934
Equipment	222,714	4,280	-	226,994
Assets under capital lease	-	-	-	-
Construction in progress	-	-	-	-
	<u>1,618,857</u>	<u>32,585</u>	<u>-</u>	<u>1,651,442</u>
Total general fixed assets	<u>\$ 1,618,857</u>	<u>\$ 32,585</u>	<u>\$ -</u>	<u>\$ 1,651,442</u>
Investments in general fixed assets from:				
Capital projects funds:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Federal grants	14,554	-	-	14,554
Capital lease obligations	-	-	-	-
General Fund revenues	1,604,303	32,585	-	1,636,888
Special revenue fund revenues	-	-	-	-
Donations	-	-	-	-
	<u>1,618,857</u>	<u>32,585</u>	<u>-</u>	<u>1,651,442</u>
Total investments in general fixed assets	<u>\$ 1,618,857</u>	<u>\$ 32,585</u>	<u>\$ -</u>	<u>1,651,442</u>

Richard C. Woodbury, P.C.

Certified Public Accountant

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September 25, 2006

Township Board
L'Anse Township
L'Anse, MI 49946

We have completed our audit of the financial statements of L'Anse Township for the year ended March 31, 2006 and have issued our report thereon dated September 25, 2006. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that the transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

As stated in our engagement letter, our responsibility as described by professional standard, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

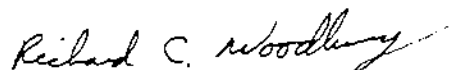
Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of L'Anse Township taken as a whole. Our study and evaluation disclosed conditions that we believe to be material weaknesses.

1. (Repeat) The Sewer Contingency Fund has about an \$210,250 in cash and cash investments and will need approximately \$416,900 to retire its bonds. In the last couple of years the number of new sewer hookups has not been sufficient to accumulate sufficient monies to pay off these bonds. We recommend that the township study the need to set aside an amount of money (sinking fund) each year so that future boards will not be saddled with a large amount of funding in the latter years of bond payoff.
2. (Repeat) In this day and age, the daily talk is about ethics. We recommend that the board adopt an ethics policy for all of the township activities.
3. The Township has two enterprise funds, which have not had any operating transactions in many years. We recommend that township records be researched as to their intended use, and if the township no longer has a need for these funds, then the board should close them out.

We would like to thank the Township for the opportunity to serve as your auditors. We would also like to express our appreciation for the courtesy and cooperation extended to us during the audit. As always, please feel free to call with questions regarding the information above or that which is presented in the basic financial statements.

This memorandum is intended solely for the information and use of the Board of Trustees, management and others within the Township, but its distribution is not limited.

Sincerely,

A handwritten signature in cursive script that reads "Richard C. Woodbury". The signature is written in dark ink and is positioned above the printed name.

Richard C. Woodbury
Certified Public Accountant